

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA,	:	
Plaintiff,	:	
v.	:	CIVIL ACTION NO. ____
\$4,520,915.06 SEIZED FROM BANK	:	
OF AMERICA ACCOUNT x2148	:	
Defendant.	:	

VERIFIED COMPLAINT FOR CIVIL FORFEITURE
IN REM AND NOTICE TO POTENTIAL CLAIMANTS

The United States of America, Plaintiff, files this civil action for forfeiture in rem against \$4,520,915.06. The United States alleges on information and belief as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction in this case pursuant to 28 U.S.C. §§ 1345 and 1355.
2. A substantial part of the acts and omissions giving rise to the forfeiture occurred in the Southern District of Texas. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1355, 1391(b) and 1395(a).

THE DEFENDANT PROPERTY

3. The Defendant Property is \$4,520,915.06 seized from a Bank of America account held in the name of Eudora Healthcare Consulting, LLC, with an account number ending in 2148 (hereinafter, the "Defendant Property").

STATUTORY BASIS FOR FORFEITURE

4. This is a civil action in rem brought to enforce the provisions of 18 U.S.C. § 981(a)(1)(C), which provides for the forfeiture of "[a]ny property, real or personal, which constitutes or is derived from proceeds traceable to . . . any offense constituting 'specified unlawful activity' (as defined in [18 U.S.C.] section 1956(c)(7) of this title), or a conspiracy to commit such

offense.”

5. Pursuant to 18 U.S.C. § 24(a), violations of 18 U.S.C. § 1347 (health care fraud) and 42 U.S.C. § 1320a-7b(b) (payment and receipt of kickbacks) constitute federal health care fraud; and pursuant to 18 U.S.C. § 1956(c)(7)(F), a federal health care fraud offense, including conspiracy pursuant to Section 1349, is “specified unlawful activity.”

6. The United States alleges that the Defendant Property is subject to forfeiture as the proceeds of federal health care fraud.

HEALTH CARE PLANS AND COMPOUNDED DRUGS

7. The Federal Employee’s Compensation Act (“FECA”) provides for payment of workers’ compensation benefits to federal employees who suffer an injury, disease or death in the performance of duty. FECA provides coverage for pharmaceuticals prescribed by a doctor and medically necessary to treat symptoms which are the result of a federal employee’s work-related injury. The Department of Labor Office of Workers Compensation Program (“DOL-OWCP”) administers benefits under FECA.

8. FECA is a health care benefit program as defined in 18 U.S.C. § 24(b), and it affects interstate commerce. FECA is also a “Federal health care program” as defined by 42 U.S.C. § 1320 a-7b. FECA covers Compounded Drugs when medically necessary for the beneficiary.

9. Compounded Drugs are not approved by the United States Food and Drug Administration (“FDA”), so the FDA does not verify their safety, potency, effectiveness or manufacturing quality. Compounded Drugs may be prescribed by a physician when an FDA-approved drug does not meet the health needs of a particular patient. When medically necessary, a licensed practitioner combines, mixes or alters the ingredients of a drug or multiple drugs to create a Compounded Drug tailored to meet the medical needs of an individual patient. For

example, a patient may have an allergy to an ingredient of an FDA-approved drug, like a dye, that can be eliminated from the drug; or the patient may not be able to take the FDA-approved drug in pill form because he has a medical condition that prevents him from swallowing a pill, but he can take the medicine in the form of a liquid.

ENTITIES AND PAYMENTS

10. Compounding Solutions LLC (“Compounding Solutions”) is a pharmacy located in Houston, Texas. Compounding Solutions is enrolled with DOL-OWCP and billed it for Compounded Drugs and other medications.

11. Eudora Healthcare Consulting LLC (“Eudora”) is a limited liability corporation located in Houston, Texas. Pursuant to the instructions on the enrollment forms submitted by Compounding Solutions, DOL-OWCP electronically deposits payments for Compounding Solutions’ approved claims into Eudora’s bank account x2148 at Bank of America.

12. From on or about October 1, 2014, to on or about April 30, 2017, Compounding Solutions billed DOL-OWCP for Compounded Drugs and other medicines. DOL-OWCP paid approximately \$21,362,040 on those pharmacy claims.

FACTUAL BASIS FOR FORFEITURE

13. Defrauding a health care benefit program is a criminal offense pursuant to 18 U.S.C. § 1347. Compounded Drugs are billed at a high rate. There is reason to believe that Compounding Solutions fraudulently billed FECA for Compounded Drugs prescribed to federal workers.

14. There is reason to believe that Compounding Solutions caused FECA beneficiaries to receive medically unnecessary Compounded Drugs, including multiple tubes of pain creams delivered through the mail. Beneficiaries have reported that they were unaware that the

Compounded Drugs had been prescribed, that they regularly received more tubes in the mail than they could use, that Compounding Solutions billed for more tubes than the beneficiaries actually received, and that the pain creams were unwanted and ineffective.

15. The payment and receipt of illegal kickbacks is prohibited by 42 U.S.C. § 1320a-7b(b) and is a federal health care fraud offense. There is reason to believe that Compounding Solutions paid kickbacks, directly or through intermediaries, to physicians who prescribed Compounded Drugs to FECA beneficiaries and sent the prescriptions to Compounding Solutions.

16. There is reason to believe that Compounding Solutions has fraudulently billed DOL-OWCP for millions of dollars of Compounded Drugs that were medically unnecessary, prescribed through the payment of illegal kickbacks, or both. DOL-OWCP payments for Compounding Solutions' fraudulent claims were made directly into Eudora's Bank of America account x2148, from which the Defendant Property was seized.

NOTICE TO ANY POTENTIAL CLAIMANT

YOU ARE HEREBY NOTIFIED if you assert an interest in the property subject to forfeiture and want to contest the forfeiture, you must file a verified claim which fulfills the requirements set forth in Rule G of the Supplemental Rules for Admiralty or Maritime Claims and Asset Forfeiture Actions. The verified claim must be filed no later than 35 days from the date this complaint was sent to you in accordance with Rule G(4)(b); or, if this Complaint was not sent to you, no later than 60 days after the first day of publication of notice on an official internet government forfeiture site, in accordance with Rule G(5)(a)(ii)(B).

An answer or a motion under Fed. R.Civ.P. 12 must be filed no later than 21 days after filing the claim. The claim and answer must be filed with the United States District Clerk for the Southern District of Texas, and a copy must be served upon the undersigned Assistant United

States Attorney at the address provided in this Complaint.

RELIEF REQUESTED

The United States will serve notice, along with a copy of the Complaint, on the account holder and on any persons who reasonably appear to be potential claimants.

The United States seeks a final judgment forfeiting the Defendant Property to the United States and requests any other relief to which the United States may be entitled.

Respectfully submitted,

Abe Martinez
Acting United States Attorney
Southern District of Texas

By: /s/ Kristine E. Rollinson
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VERIFICATION

I, Adam Watson, Special Agent with the United States Postal Service, declare under the penalty of perjury, as provided by 28 U.S.C. § 1746, that I have read the foregoing Verified Complaint for Civil Forfeiture In Rem and Notice to Potential Claimants, and that the facts stated in paragraphs 3 and 7 - 16 of the Complaint are based upon my personal knowledge, upon information obtained from other law enforcement personnel, or upon information I obtained in the course of my investigation. Those facts are true and correct to the best of my knowledge and belief.



Adam Watson, Special Agent
United States Postal Service
Office of Inspector General

Sworn to and subscribed before me, the undersigned authority, on this 1 day of November 2017.



Notary Public, State of Texas

My commission expires: 10-20-19 

